Military Market

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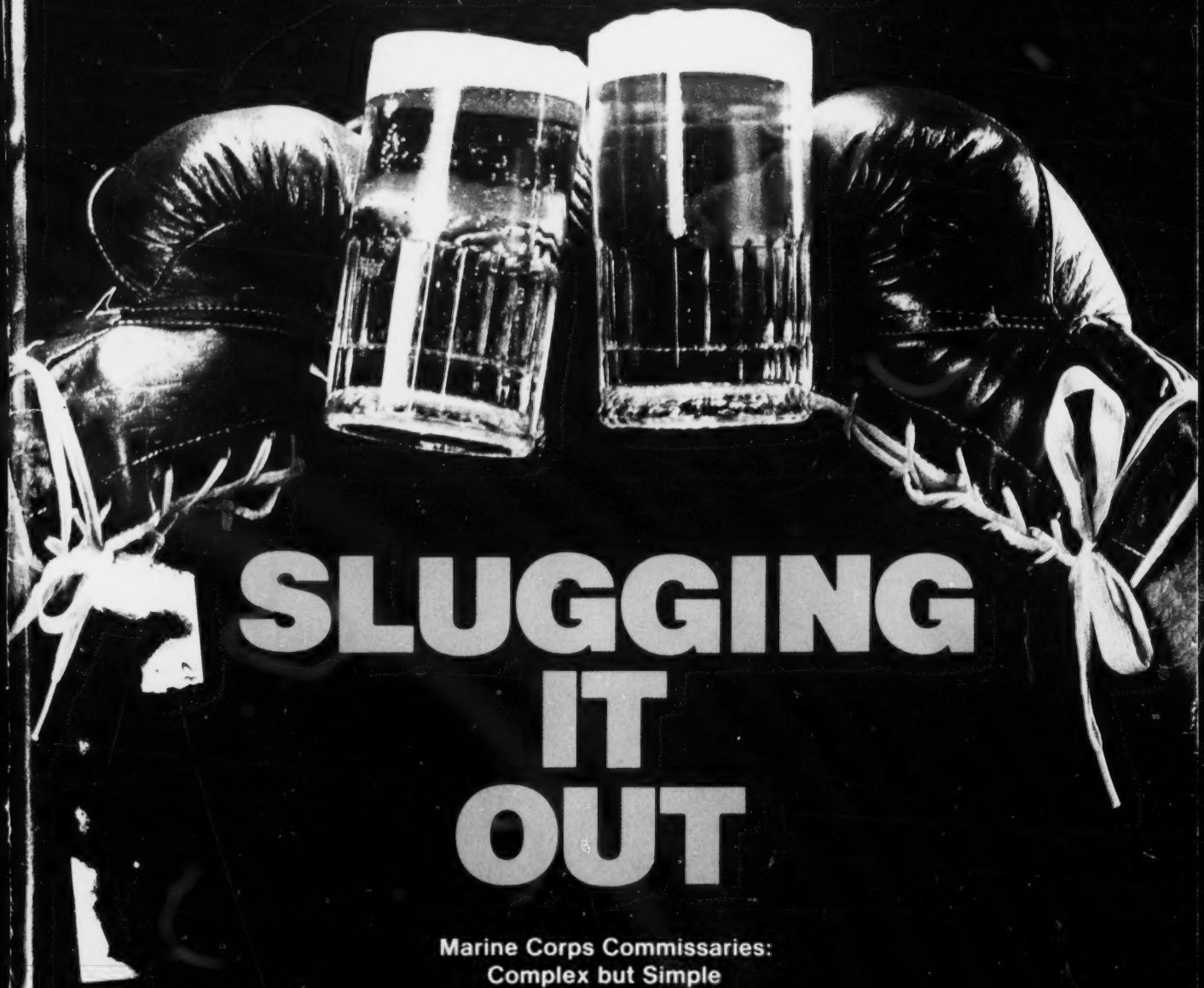
Beer Brewers:



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Military Market serving the military retail system

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August: Holiday Preview, Audio, Coast Guard
September: Military Distributors, Candy and Gum, MCEX

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Military Market survey

Shoppers Snap-Up Cameras

Fast focus on fast film

CUSTOMERS IN PHOTO departments are taking advantage of the newest technologies by buying lots of 35mm cameras with bells and whistles, said the department managers surveyed this month. Fast colorprint film — ASA 400 — is the best-selling film in the exchanges, according to the seven Army, five Air Force, six Navy and two Marine exchange managers MILITARY MARKET surveyed.

One of the ongoing problems facing the photo departments appears to be hiring knowledgeable salespeople, and then keeping them adequately trained on a continuing basis. "The more they [the salespeople] know, the more of the expensive cameras they sell," said one manager. But not everybody is so optimistic: 12 of the 20 photo department managers surveyed said they felt their salespeople wouldn't sell more sophisticated cameras even if they were better trained.

"We don't pay enough," said one manager. "One salesperson has been here a long time, but others we hire don't stay long."

Sixteen of the managers contacted consider outside sales training by the camera manufacturers to be very useful. Several commented that these training sessions just don't happen often enough. "There's too much information in too short a time," said one manager. "Once a year is not enough."

"The training is invaluable," said another manager. "I learn a lot from the reps."

The sales rep doesn't always hold training sessions, but he tries to pass information along to anyone who needs it on his visits, said a photo department manager who gets monthly visits from a large camera manufacturer's rep. "He does pretty good. He's always open to questions," she said.

Nine of the managers surveyed felt the assistance offered by their exchange headquarters is also of value for their sales people, but again, the follow-up comment by five of them was that they don't get this kind of training often enough. Several managers were pleased with the sales training videotapes made available to AAFES exchanges, but two managers lamented that the information was sometimes old and of limited value.

Film and photofinishing are generally recognized as important profit centers for exchanges. "Film sales are good for all categories," said one manager. Colorprint 35 mm film was named as the best-seller by 16 of the managers surveyed. Only three mentioned black-and-white film as moving well, and most of that was sold to photo hobbyists rather than to the casual photographer.

Half of the managers surveyed said they would welcome an on-site minilab photoprocessor; eight said they did not want one and two managers were undecided.

Of those in favor, one Navy manager said, "It would really help us to have one in personalized services."

On the negative side, a Navy manager prefered to send out the photofinishing — "It causes less confusion." "No, we have enough to do as it is," said another.

"The cost of the service is rather prohibitive for the customer," said one. One manager felt the whole idea of rush service is unwarranted. "They drop off their film and pick it up on payday," he said.

Only eight photo department managers surveyed were familiar with the "gray market" in cameras. (These are discounted name-brand cameras that some civilian stores obtain through unauthorized sources.) However, 15 of the managers surveyed said civilian stores in their local area charge less for some camera models than their exchange does. All but one of the people contacted were aware that the discounters occasionally advertise cameras at prices lower than those in the exchange, but most of the exchanges surveyed have a "meet their price" or "never undersold" policy. "You get loss-leaders out there, so you have to be careful," one manager said.

Base-distributed flyers, announcements, specials, photo workshops and clinics where customers can get cameras cleaned by manufacturers are some of the methods the managers said are effective in keeping camera sales strong. The sales philosophy of one Navy manager was simple. "We have the camera of the month. We let them sell themselves."

MM

1 — WHAT TYPES OF CAMERAS SELL BEST IN YOUR STORE? SLR (35mm single lens reflex) — 11. 35mm automatic — 6. Instant — 4. Disc — 3. 110 — 0. Don't know — 1.*

2 — WHAT FILMS SELL BEST? VR100 — 5. VR200 — 4. VR400 — 9. VR1000 — 2. Black and white — 3. Don't know — 1.* **WHAT SIZES?** 35mm — 16. 110 — 4. Disc — 2. Instant — 1.*

3 — HOW DIFFICULT IS IT TO HIRE AND RETAIN SALESPEOPLE WHO ARE KNOWLEDGEABLE IN CAMERAS? Very difficult — 4. Difficult — 3. Slightly difficult — 1. Fairly easy — 9. Easy — 2. Don't know — 1.

4 — DO YOU THINK THAT WITH BETTER-TRAINED SALESPEOPLE, YOU COULD SELL MORE SOPHISTICATED CAMERAS? Yes — 7. No — 12. Don't know — 1.

5 — OF WHAT VALUE IS THE TRAINING CONDUCTED BY THE CAMERA COMPANIES? Valuable or very valuable — 16. Not very valuable — 3. Don't see them often enough — 6. Don't know — 1.*

6 — OF WHAT VALUE IS THE TRAINING PROVIDED BY YOUR HEADQUARTERS PEOPLE? Valuable or very valuable — 9. Not very valuable — 4. Not always up-to-date — 2. Don't see them often enough — 5.

7 — DO YOU OFFER PHOTOFINISHING IN THE PHOTO DEPARTMENT? Yes — 11. No — 9. **IS THE WORK DONE ON-SITE?** Yes — 1. No — 19.

8 — IF YOUR PHOTOFINISHING IS CONTRACTED OUT, WOULD YOU LIKE TO SEE YOUR STORE ACQUIRE A ONE-HOUR MINILAB PHOTO PROCESSOR? WHY OR WHY NOT? Yes — 10. No — 8. Don't know — 2. (See story.)

9 — WHAT HAVE YOU HEARD ABOUT THE GRAY MARKET IN CAMERAS? Little or nothing — 12. They're cheaper — 2. It's a problem — 4. Difficulties in getting manufacturers to do warranty work — 2.

10 — DO YOU HAVE CIVILIAN RETAILERS IN YOUR LOCAL AREA THAT CHARGE LESS FOR SOME MODELS OF FOREIGN-MADE CAMERAS THAN YOUR EXCHANGE CHARGES? Yes — 15. No. — 4. Don't Know — 1.

11 — DO YOU THINK CAMERA SALES AT THESE RETAILERS ARE HURTING YOUR CAMERA SALES? IF SO, TO WHAT EXTENT? Yes — 6. No — 13. Don't know — 1. (See story.)

12 — WHAT CAN YOU DO — OR WHAT DO YOU DO — TO KEEP POTENTIAL CAMERA BUYERS ON BASE? Monthly or weekly camera specials — 9. Advertise with base flyers, handouts or announcements — 11. Never undersold policy — 4. Knowledgeable salespeople/demos — 6. Workshops or clinics — 2. In-store displays — 1. Be in-stock in cameras and accessories — 1. 45-day return policy — 1.*

*Does not add to 20 because of multiple responses.

Slugging It Out in Beverages

Sweeteners Make the Difference

Brewers steep their markets with macho image appeals as soft drink makers go on a diet.

By DAVID B. COOLEY
Associate Editor

THE NATION'S BREWERS are slugging it out for shares of a man's market where growth is less than 1 percent and most of the buying is done by women.

It's not that men don't drink beer. They do — and plenty of it. It's just that most beer drinking is done at home, and in most households it is more convenient for the wives to buy it when they do the family shopping, says one industry analyst.

Analysts agree that the man of the house is very specific as to which brand he wants to drink, and the breweries spend huge sums on advertising in order to influence that decision. Beer drinking among women is increasing, but no producer wants to be known as making a "woman's beer," although the U.S. Brewers Association estimates that women consume 20 percent of regular and 25 percent of light beer.

The stakes in this game are high. According to the Brewers Association, total domestic production for 1983 was 177,495 million barrels; imports were 6,314 million barrels — total: 183,809. That compares with domestic production of 176,577 million barrels in 1982 and imports of 5,754 million barrels — up less than a percentage point for both. In 1981 total industry sales, including imports, were 184,500 million barrels.

At 31 gallons per barrel, that's still nearly 5.7 billion gallons of beer and ale consumed in 1983 in the United States — consumption equal to nearly 25 gallons for each man, woman and child.

Lights Light-Up Sales

"Miller Lite is doing fine," Miller Brewing Co. spokesman Steve Forsyth tells MILITARY MARKET. "It's the No. 1 light beer by far — one of the top brands in the country," he says. According to figures from *Beverage World*, Miller Lite is now the best-selling light beer and the second-best-selling beer overall, preceded only by Anheuser-Busch's Budweiser. Miller, however, is only claiming that Lite is in the No. 3 spot. "Miller High Life is No. 2," says spokeswoman Patricia Brash.

Meister Brau, a popular-priced entry from Miller, was rolled out nationally last year. "Meister Brau has exceeded our [sales] expectations," says Forsyth. Miller now has two other beers in test — Calgary, an import from Canada, which is going through test-marketing in Springfield, Mass., Baltimore and Cleveland, and superpremium Special Reserve, which is being sold in undisclosed cities. Calgary is brewed by the Carling O'Keefe Brewery in Canada, which also brews Miller High Life for the Canadian market.

In corporate third place nationally is The Stroh Brewery Co. Stroh had combined sales of 24.3 million barrels in 1983, which is up 6.1 percent from its 1982 production of 22.9 million barrels, according to a company spokesman.

In mid-March, Stroh expanded the market for its Stroh's Premium and Stroh Light brands into California, and in late March, the brands were available in New York City and northern New Jersey, completing the rollout east of the Mississippi. Before the end of the year, the company plans to roll out both brands in other areas of the Far West, completing national distribution. Stroh's and Stroh Light are both doing very well, the spokesman says.

In 1981 Stroh acquired The Jos. Schlitz Brewing Co., and with it came what is now Stroh's best-selling entry, Old Milwaukee. This brand is in national distribution and holds sixth place nationally with a 3.7 percent share of the market. Company officials are hopeful it can capture fifth place during the heavy beer-buying season this summer, the spokesman says. Its companion brand, Old Milwaukee Light, is also available nationally.

Stroh is positioning the Schlitz brand a little below Stroh's, but both are considered premium beers, he says. Schlitz, Schlitz Light and

Schlitz Malt Liquor are all national.

Another of its brands, Schaefer, was available only on the East Coast until Stroh acquired the brand in spring 1981. Stroh rolled out Schaefer and Schaefer Light nationally in 1983.

The giant to beat, of course, is Budweiser. A-B's Budweiser brand holds a substantial lead over all competitors, and A-B's Bud Light is growing faster than any other entry in the light category, says company spokesman Paul Siemer. However, Miller Lite still holds the lion's share of the light beer market (about 60 percent), and has made a concerted effort to keep every customer it has for the brew. Officials at Miller attribute a nationwide concern with weight control and calorie intake as its ally in marketing Lite. The company continues to play up good beer taste and fewer calories in its intense advertising campaigns.

"Light beer doesn't do well in some areas, but it does very well in others," says Tom Doherty, MSM at A-B. Some of the resistance is not just to light beer, he says, but to all alcoholic beverages in localities where there are persuasive alcohol-abuse programs.

To respond to these concerns, A-B has introduced "LA from Anheuser-Busch", a low-alcohol content beer. It was rolled out in April in selected cities in Oregon, California, Nebraska, Wisconsin, Florida, Georgia, Rhode Island, Ohio and Arizona, Siemer says. The "LA" stands for "low alcohol," as the beer contains only 1.7 percent alcohol by weight, he says. Regular American beers contain an average of 4.8 percent alcohol by volume, while American light beers average 3.7 percent alcohol by volume, according to *Consumer Reports*.

Macho TV Advertising

The overall demand for malt beverages is growing only slightly, in spite of the record $482 million the nations' brewers spent on advertising in 1983, says *Advertising Age*. Even so, the money programmed for advertising beer and ale is expected to rise in 1984.

Each brewer aims its electronic appeal to a specific segment of the male audience. The segment targeted by the G. Heileman Brewing Co. most often is the 21-to-34-year-old, blue collar worker who has sufficient income to buy whichever beer he desires, says Tom Macauley, director of national and military accounts. Even the light beers are painstakingly marketed to this male audience. Apparently, it is a strategy that works, as light beers are gaining marketplace momentum.

Not all beer is drunk by this demographic group, however. The beverage is definitely going upscale in its appeal to more affluent individuals who may order "a $14 T-bone steak and beer to go with it," says Gary Naifeh, brand director at Adolph Coors Co. "That's something that would be unheard of 15 years ago."

Consumers are also ordering more national brands — most regional brands have gone out of existence. In Wisconsin alone, where there were 80 brewers in the 1930s, the number has now dwindled to only seven. Probably the best known of the survivors is Schlitz, "the beer that made Milwaukee famous." Schlitz is now owned by The Stroh Brewery Co. of Detroit, which bottles and distributes it nationally. Thus a regional beer became national, but only through corporate gyrations.

The Stroh company is now No. 3 in barrels produced; it markets 15 brands, including premiums Schlitz and Schlitz Light, on a national basis. The other two companies that market their beers nationally and aim for the same blue collar workers are No. 1 Anheuser-Busch with its flagship brand, Budweiser, and No. 2 Miller Brewing Co. with its flagship brand, Miller High Life.

50 Brands Strong

Two other companies are intensifying their efforts to go national with one or more brands. Heileman shipped 17.5 million barrels in 1983, which is a 3 million-barrel increase, or 20.7 percent, over 1982's total, Macauley says. Among the company's 50 brands (including the light variations of several brands), Heileman really does not have a national brand, says Macauley, but it has regional brands whose "territories" overlap all over the country. All of the brands are available to exchanges, though none of the exchange systems buys all of them for resale, he says.

Part of the reason for the popularity of Heileman's regional beers is a tendency for some consumers to shop and compare and settle on a brand that has a suitable taste and

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lower price, Macauley says. "The inflationary pressures of the last couple of years have caught up to us," he says. "There is a shift in consumer demand from premium to popular or regular brands."

Macauley tells MILITARY MARKET that four popular Heileman brands — Blatz, Stagg, Schmidt and Carling Black Label — are selling better than ever, and the company is seriously considering picking one of them to go national.

Notwithstanding the resurgence of popular-priced regional beers, premium beers are also selling well for Heileman, Macauley says. Premium Old Style and Carling Black Label are the brands the company supports most with advertising, he says.

"Premium Old Style outsells all other brands, including the well-known national brands, in Wisconsin and Illinois," he says. "In Chicago, it outsells even Stroh's [which had its beginnings in the midwest]. That says something good about our flagship brand." Distribution of Old Style is being expanded into New Mexico, Nevada, Oklahoma, Texas, Georgia and South Carolina, he says.

Superpremium beers, which typically are aimed at the "upscale man," are also picking up steam, he says. Heileman Special Export and Henry Reinhard's Private Reserve are Heileman's entries in this category. Private Reserve, which has been available on the West Coast, is expanding into Nevada, Arizona, Colorado and Texas. "The brands are generally available in the military stores in those states," he says.

For the most part, distribution of beer to exchanges is the responsibility of a wholesaler that usually distributes product in a limited geographic area. For the regional brands, this is usually the extent of their distribution. For the national brands, each brewing facility services a specific geographic area through the wholesaler or milrep with that brand. This could account for slight differences in taste of the same brand of beer when bought in different parts of the country.

ON-BASE MILITARY BEER SALES 1979-1982

	DOMESTIC	OVERSEAS	WORLDWIDE
1982			
Clubs and package stores	$109 mil.	$57 mil.	$166 mil.
Exchanges	137 mil.	66 mil.	203 mil.
Total	**$246 mil.**	**$123 mil.**	**$369 mil.**
Military strength	1,635,400	521,200	2,156,600
Per capita sales	$150	$236	$171
1981			
Clubs and package stores	$100 mil.	$56 mil.	$156 mil.
Exchanges	125 mil.	61 mil.	186 mil.
Total	**$225 mil.**	**$117 mil.**	**$342 mil.**
Military strength	1,607,898	514,759	2,122,657
Per capita sales	$140	$227	$161
1980			
Clubs and package stores	$92 mil.	$51 mil.	$143 mil.
Exchanges	117 mil.	53 mil.	170 mil.
Total	**$209 mil.**	**$104 mil.**	**$313 mil.**
Military strength	1,586,691	502,135	2,088,826
Per capita sales	$131	$207	$150
1979			
Clubs and package stores	$90 mil.	$39 mil.	$129 mil.
Exchanges	102. mil.	47 mil.	149 mil.
Total	**$192 mil.**	**$86 mil.**	**$278 mil.**
Military strength	1,585,654	480,845	2,066,499
Per capita sales	$121	$179	$135

SOURCE: Army Times Research Department.

Going National

For the drinkers of Coors beer, however, this means only that the distributor is local — and there are 360 of them. All Coors and Coors Light is brewed in the company's sole brewery in Golden, Colo., which it claims is the largest in the country, if not the world. Production for 1983 stood at 13.7 million barrels sold, says brand director Naifeh; this places the Coors brand in fourth place nationally in terms of barrels sold. It also represents a 15 percent increase over barrelage sold in 1982, Naifeh says.

Coors is now available to half U.S. population in 33 states and the District of Columbia, but the company is determined to roll it out nationally "before the end of the decade," says Naifeh. With that goal in mind, it seems logical for Coors to establish additional brewing facilities in order to reduce transportation costs of its finished product.

Company sources cautiously agree. "The company has some land in the East," Naifeh says, "and we may make a decision to brew there one day, but we won't expand faster than we can assure quality." Building a large brewery would be expensive, he says. "We don't want to build another brewery just to make a buck," he says.

What makes Coors drinkers so devoted to the product? Coors has a fresher taste because it brewed, filtered and filled under aseptic conditions, Naifeh claims. Once brewed, it is shipped nationwide in refrigerated trucks. The distributors are also required to keep it chilled so that it has minimal chance to go prematurely stale. "Beer is a perishable product," says Naifeh. "The sun cooks it again and damages the flavor."

All beer goes stale after it is in the keg, bottle or can. The process of going stale begins as soon as the beer is cooled, although it remains fairly stable for the first 60 days, he says. What many drinkers refer to as "green beer" is really stale beer. Brewers call it "overripe" or

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"skunky." In any case, the older beer gets, the more the flavor loss is noticed, even to the casual beer drinker, Naifeh says.

To further help ensure the freshness of beer, all brewers have established a time frame after which a specific batch should not be sold, he says. Coors operates on a 60-day rotation policy for its product. The distributor is required to pull the beer from the retailers' shelves after that time at its own expense. Other companies have a 90- or a 120-day policy for pulling their beer off the retailers' shelves, Naifeh says.

A category of beers that crosses all image lines is the imports, say industry analysts. They tend to cost more and tend to have a fuller flavor. For 1983 they constituted 3.4 percent of the total malted beverages sold in the United States, according to the Brewers Association. Leading exporting countries as reported by the association are The Netherlands (Heineken), Canada (Molson, Moosehead and Labatt's) and West Germany (Beck's).

Diet Soft Drinks: A Hard Sell

Per capita consumption is considerably more for soft drinks than for beer at a little more than 39 gallons annually — a 2.6 percent increase over 1982 — according to *Beverage World*.

For several years now, it has been well-known in the soft drink industry that diet soft drinks are the fastest-growing segment. Still, diet Coke (Coca-Cola U.S.A. is spelling it lower case. It wants to de-emphasize the "diet" and stress the "Coke") has grown faster than any soft drink in history. It has achieved a 5 percent share of the $26 billion soft drink market in only a year and a half — a feat considered nothing short of phenomenal by industry insiders and analysts.

The introduction of diet Coke in July 1982 was accompanied by an intense promotional campaign. Almost immediately, industry analysts said it could become the No. 5 soft drink in the country within a couple of years, maybe even No. 3, "if it were marketed well."

U.S. BEER SALES

Brand	Percent of Total	Retail $
Budweiser	22.8	7.572
Miller Lite	9.7	3.221
Miller High Life	9.5	3.155
Coors	5.2	1.727
Pabst Blue Ribbon	4.3	1.428
Michelob	3.9	1.295
Old Milwaukee	3.7	1.229
Stroh's	3.1	1.030
Old Style	3.0	.996
Bud Light	2.1	.697
All other	32.7	10.860
Total	**100.0**	**33.210**

Dollars in billions for CY 1983
SOURCE: *Beverage World Magazine*

In early March of this year, that prediction came true as Coca-Cola U.S.A. announced that diet Coke is indeed the No. 3 soft drink in the United States. That status has been confirmed to MILITARY MARKET by Coca-Cola spokeswoman Rhett Huber and by beverage analyst Jesse Meyers, editor of *Beverage Digest*.

Coke officials attribute much of diet Coke's success to the national trend toward dieting. However, the company's diet Coke advertising campaign has been aimed at everyone, not just dieters, says Huber. "Within a year after diet Coke was introduced in July 1982, it was the No. 1 diet soft drink and the No. 4 soft drink overall," she says.

From July 1982 until August 1983, diet Coke was sweetened with saccharin, Huber says. Since that time, with FDA approval, Coca-Cola has been sweetening diet Coke and diet Sprite with a blend of saccharin and G.D. Searle's low-calorie nutritive sweetener, aspartame. With the use of the new formulation of sweeteners, customer acceptance of diet Coke continues to exceed company expectations. "We have received calls from consumers commenting on improved taste," she says.

"The diet market is very active — more than 20 percent of all soft drinks sold for the last couple of years have been diet drinks," Huber says. "Thirty percent of all soft drinks are expected to be diet drinks by the end of the decade," she says.

To satisfy this demand, Coca-Cola has produced diet Coke in four packages to satisfy customer needs. Diet Coke in 12-ounce cans is the strongest-selling package in the commissaries, Huber says, and the two-liter plastic bottle is the best seller in civilian grocery stores. It is also available in 10- and 16-ounce Plasti-Shield one-way bottles, she says. These are the bottles with a thin styrofoam wrapper that serves to retard bottle breakage and to insulate the drink inside.

Without question, the nation's No. 1 soft drink is Coca-Cola *(see chart)*, with Pepsi-Cola in second place. But is diet Coke really No. 3? Coca-Cola and some industry analysts say yes. Those who agree with that claim are recognizing diet Coke's increasing sales momentum by including the first two months of 1984 in their computations. Even more important, those computations include soft drinks served in food service outlets where diet Coke has achieved high customer acceptance, Huber says. Analyst Meyers agrees. "Fully a third of diet Coke is sold in single servings at fountains," he says.

The No. 3 position, which 7UP regained from Dr Pepper at the end of 1982, is now claimed by diet Coke. But the Seven-Up Co. rejects diet Coke's claim to the No. 3 spot — the position it still claims for its flagship, 7UP.

In rejecting Coca-Cola's claim, Seven-Up is basing its conclusion on beverage analyst John Maxwell's figures for calendar year 1983, says Terry Moore, company spokesman for Seven-Up. Maxwell's analysis includes soft drink sales in measured outlets — civilian grocery stores, discount stores, exchanges, commissaries and similar take-home outlets, and also those sold and served in food service outlets, Moore says.

An Offbeat Soft Drink

"We feel like a lot of the [soft drink] TV ads are pretty much the same," says Ken Couvillion, MSM at Dr Pepper Co. "We're positioning ourselves as a different kind of drink — out of the ordinary — a little offbeat." That is the way it has always been at Dr Pepper, and the merchandising of Dr Pepper reflects that difference. The old concept of "Be a Pepper" is out, he says.

To change the concept, Dr Pepper is now making ads for TV that are styled after scenes taken from old movies like "Casablanca" and "The Hunchback of Notre Dame," Couvillion says. They have a nostalgic appeal and each one ends with a little humorous twist — something the consumer will remember, he says.

In addition to regular Dr Pepper, the company has been putting emphasis on its newer entries — regular Pepper Free (sugar-sweetened) and Sugar-Free Pepper Free. These latter

two soft drinks are caffeine-free and were in about 40 percent of the country by the end of 1983. Now they have been rolled out nationwide, he says.

The new products and a new marketing stance were needed, Couvillion says, because the company didn't have a very good 1982, nor did it have a good first half of 1983. In the latter half of 1983, however, "things have turned around," he says.

"We had a fairly inexperienced sales force selling to 500 franchised bottlers around the country." Now they are more experienced, and are working more closely with the bottlers than before. The closer personal touch has been an important factor in making the difference, he says.

The packaging of Dr Pepper drinks has also been changed and is now more uniform, says Couvillion. "The name on the package now is printed in a uniform 17-degree slant upward to the right. This gives our line a better shelf impact than it had before," he says. When Dr Pepper products with the new packaging were put into test market, consumers said they noticed a better taste, and sales began to pick up right away, he says. While the packaging change apparently caused a corresponding change in consumer taste perception, there has been no change in the formulation of any of the Dr Pepper soft drinks, Couvillion assures.

"We have also focused a little more carefully on the single-drink markets," Couvillion tells MILITARY MARKET. Dr Pepper has always been a strong single drink — the company estimates 80 percent of its sales are in single servings in food-service outlets and in single containers in stores. Officials at Dr Pepper are now putting emphasis on converting some of these customers to buying six- and 12-packs, especially in the exchanges where sales are mostly in shoppettes and convenience stores, he says.

Colas Still the Favorite

"Pepsi is No.1 in the 'freedom of choice' market," says John Frank, national sales manager at Pepsico's Pepsi-Cola Co. He identifies this market as those sales of soft drinks that are taken home, rather than consumed in food-service outlets where usually only one brand of cola and one lemon-lime drink are offered.

"We're very active in the military market," he says. "And we've always been active in the local market." Pepsi representatives have always worked closely with their local bottlers and distributors nationwide, so that local accounts are given the best service possible, he says.

Pepsi is trying to reposition itself as the soft drink producer for the space-age generation, he says, now that the earlier Pepsi generation has grown up. The real push is on the diet formulations — Diet Pepsi, Pepsi-Free, Sugar-Free Pepsi-Free and Pepsi Light. "We're getting away from the stereotype audience, and we're going after not only the female, but also the male [with diet drinks]," Frank says. The addition of aspartame has been a real boost to sales of Diet Pepsi, he says.

Pepsi is also changing its appeal in its promotions. "We're appealing to a younger audience," he says, citing current TV commercial contracts with Michael Jackson and Lionel Ritchie as "examples of this new direction."

In the new product category, Pepsi is now test marketing a lemon-lime drink named Slice. It contains 10 percent citrus fruit juice.

Royal Crown Cola Co., the originator of diet colas in 1962, is now using a blend of saccharin and aspartame in its Diet Rite Cola. "We, of course, are the company that began the caffeine-free explosion in soft drinks," says Royal Crown spokesman John Lockwood. Royal Crown enjoys 80 percent of the caffeine-free cola market, says Lockwood, with its RC 100, introduced in 1980, and sugar-free RC 100 which became available in 1982.

"Last August [1983] salt-free Diet Rite cola went into national distribution," says Lockwood. It became the No. 1 diet soft drink in one exchange region in 1983, he says. Why such sales growth for a salt-free soft drink? Sodium is no more significant in soft drinks than caffeine, he says, but a salt-free formula is what the consumers want. "We think if they [retailers] haven't been enjoying deliveries of salt-free Diet Rite Cola, they're missing a profit opportunity," he says.

"We look at the military as a very important marketplace that we have not exploited to the fullest," he says. "We're always examining our product line to see that it meets the consumers' needs of today."

U.S. SOFT DRINK SALES

Brand	Percent of Total	Retail $
Coca-Cola	23.0	5.985
Pepsi-Cola	17.0	4.423
Diet Coke	5.0	1.301
7UP	4.9	1.275
Dr Pepper	4.7	1.223
Sprite	2.6	.677
Tab	2.5	.651
Diet Pepsi	2.3	.598
Mountain Dew	2.1	.546
RC Cola	2.0	.520
All Other	33.9	8.821
Total	**100.0**	**26.020**

Dollars in billions for CY 1983.
SOURCE: *Beverage Digest Magazine*

Never Had It — Never Will

"We led the industry in sales volume increase for the combined two products [7UP and Diet 7UP] for 1983," says company spokesman Terry Moore. Seven-Up claims a 5.4 percent soft drink market share with its flagship brand, 7UP, based on 1983 year-end figures compiled by industry analyst Johr Maxwell. His report reflects sales in food stores and at fountains, says Moore, as opposed to the A.C. Nielsen Co. reports, which include only movement in food stores.

Officials at 7UP attribute much of the drink's continued success to the basic concept that 7UP has no caffeine — "never had it, never will," Moore says. This is the same theme company officials feel carried the entire company on a 10 percent-plus volume gain in 1983.

Of course, not all of 7UP's business comes from the "uncola." "In those areas where Like [cola] is sold, it's doing well — very well in some exchanges," Moore says. "We had double-digit increases in 1983." One of the key reasons for this success is the no-caffeine message (Like is 99.9 percent caffeine-free) that has carried over from 7UP, he says. Like and sugar-free Like are now available in 50 percent of the country, and the rollout will continue.

"There were some competitors who felt the no-caffeine message was a temporary thing, but it has become a trend," he says. "Consumers are more concerned about what they injest. They're more health-conscious, and we see no abatement in this trend," he says. "We had a very real marketing point — why not use it?"

MM

MANUFACTURERS LOOK TO THE FUTURE

Automatics Develop Big

Silver halide imaging blends with electronic imaging for the future, as 35mm cameras still undergo improvements.

By DAVID B. COOLEY
Associate Editor

SNAP TO IT, AMERICA! National Photo Week has been declared by Congress and the time to focus on photography is at hand. The "Snap to it, America!" slogan — coined by the Photo Marketing Association as a rallying cry — and the declaration of May 7-13 as National Photo Week (with entertainer Jerry Lewis as honorary chairman) will, industry officials hope, spur Americans to take more pictures this year.

"We've had two years of increases and four years of decreases out of the last six," said Ron Inkley, a photo retailer and workshop panelist during PMA's international trade show held in Las Vegas last month. "There has been an increase in picture taking — not much, but some."

If even 15 percent of camera-owning households shoot one extra roll of film during National Photo Week, an estimated 13 million additional rolls of film will be sold that week, said industry analyst Thomas D. Henwood. This will be a nudge in the right direction for the now mature $15 billion photo industry.

"The answer to currently slow sales and narrow margins is to develop a better product mix of cameras and accessories to improve turnover, Inkley said. "If we're not changing every day, we're in a different [bad] situation. We will not see again the 'good old days' of the '60s and '70s."

The photo industry "has been a little sluggish this past year," he told his audience during a workshop. To improve sales, Inkley said retailers must do something for their customers that can't be had elsewhere, such as providing information and service. "We have some tremendous changes coming in the next 36 to 48 months. I'm as optimistic about the next five years as I've ever been — and I don't think it's [continued growth] going to be done on volume," Inkley said. He was referring to the addition of profitable video items in the photo store.

Marrying Photo and Video

"We're going to see some great strides in photography even though we're in a lull. This can be the lull before the rush," said John Bogosian, a photo dealer in the Philadelphia area. He expanded on some of the changes that photo retailers can expect. He cited the Kodak disc camera as one of the bright spots in the photo sales picture.

Another is Kodak's introduction of the 8mm video system, which puts photo retailers in the video market. "Are we prepared to meet the challenge for videocameras and tapes?" Bogosian asked. "The units may be too high-priced to get the volume we need, but not for long. The consumers' needs are changing, and manufacturers are working to get the price [of VCRs] down."

A third of U.S. households will have an annual income of $25,000 or more by 1990. "We can tap those dollars for sales in our stores," he said. The technology of electronic imaging and traditional imaging will both improve. "The two will work in tandem," he said.

The marriage between photography and video is possibly the wave of the future, said Edward Ritz, chairman of the East Coast's Ritz Camera Centers chain. "We can use the video camera to put slides on the TV screen. We can do it ourselves — videophotography from prints, negatives or transparencies," he said.

At least two firms at the PMA show — Hope Industries of Willow Grove, Pa., and Riley Marketing of Dallas — were showing equipment or services to do just that. Their equipment is also capable of copying movies (home or otherwise) onto videotape so photographic memorabilia can be viewed on television without the burden of getting out a projector and screen.

A number of photographic experts expressed concern about the future of silver halide imaging and the blossoming electronic photo technology. They expressed fear that electronic imaging might eventually replace traditional photography. "I don't believe electronic stills will be much of a market until the 1990s. Even then, they will be complementary rather than supplementary," said industry analyst Henwood. The photographic print is the most desirable form of photography, in his opinion.

"The demand for color print paper could decrease as people selectively print pictures that have been recorded electronically," Henwood said. However, consumer use of paper could partially replace professional use in the 1990s as images that are collected and stored electronically are later laser-printed on color-print

A CANON REPRESENTATIVE (LEFT) describes one of his company's cameras to a dealer at the PMA in Las Vegas. Nikon (ABOVE) introduced the easy-to-use FG-20 camera. A representative points out the camera's features to a conventioneer. Nikon also introduced special cameras and strobe units for underwater use. The Kodak booth (BELOW) was always crowded, as conventioneers learned about the company's new Kodavision 8mm Camcorders.

Photos by David B. Cooley

paper at home, he said.

"Video has taken away our home-movie market," Ritz said. "I don't know if video has taken over, or did it [home movies] die because it's boring?" he asked. "We should move into video. We need to teach our customers how to edit without cutting tape." As desirable as that would be, he said, it probably won't happen on any significant scale — as editing movies had never been a very popular activity, anyway.

"Our customers have limited time for leisure activities," Ritz said. "Computers have taken the time that consumers used to spend in the darkroom, but computers are also in a decline [as a leisure-time activity]."

The number of nonphoto outlets selling photo supplies in some form has skyrocketed in the past 20 years, he said. Supermarkets are now the most common outlet for photo supplies and finishing, according to Ritz.

1960	1984
10,000 to 15,000	290,000 (209,000 supermarkets)

The photofinishing business grew from $500 million to more than $3 billion between 1965 and 1983, said Ritz. Even with that substantial increase, he said, color prints are now 25 percent less expensive on the average than they were in 1965.

"Photofinishing is our lifeline," Bogosian said. "[But] the one-hour labs are going in everywhere — supermarkets, discount stores, maybe even K mart will be getting into photofinishing. We can't just say the market is shrinking and walk away from it," he said.

As important a profit center as photofinishing can be, it has traditionally been contracted out at the exchanges. However, AAFES is testing on-base photofinishing at a couple of locations. And Navy will start an on-site one-hour photofinishing test at Norfolk in mid-May, which will run for at least three months, said Navy public affairs specialist John Russas. NAVRESSO has also operated a photofinishing service and a photo studio on-base at Great Lakes for a number of years, primarily as a service to the training command recruits, he said. Neither service has made a commitment to include other bases.

The Marine Corp exchanges are not offering on-site photofinishing services, either. "Right now none are doing this, but we're looking into the feasibility," said Irving Feinberg, operations officer at Marine Corps Exchange Headquarters.

'Phototronic' Departments

Competition is coming at the photo

retailer from all directions. "Hardware stores, stereo stores, liquidators, electronic stores, appliance stores and even gas stations have become our competitors in the photo business," said David Ritz, son of Edward Ritz and president of Ritz Camera Centers. Other types of retailers now in the photographic business are key shops, flower shops, dry cleaners, discounters and mass merchandisers. "In the last year and a half the changes have been tremendous," he said.

Minilabs are in large part responsible for this dramatic change in photo outlets. The first one-hour minilab appeared on the scene in 1979. "They have opened up a whole new photofinishing outlet, with albums, film, frames, batteries, and even cameras where possible," the junior Ritz said, although selling cameras at these outlets is not a priority since the profit margin on cameras is not attractive enough to interest them on a large scale.

"These specialty stores are the fastest-growing kind of photo retailer," he said. However, he held out hope for the conventional photo retailer, because of the product knowledge and service that specialty retailers can offer. "I think the customer will prefer a one-hour lab located in a photo store rather than one in the corner body shop," he joked.

The changes are making it more convenient for people to take snapshots and to get them developed, he said. This is a different consumer — a new customer base and a new sales channel. Manufacturers see nonphotographic retailers as places to sell inventory and to hold inventory before it is sold, he said. This market has become so attractive in some areas that some photographic suppliers are now selling only to nonphotographic retailers, he said.

What can be done to counteract such "unfair" competition? David Ritz held out "creative merchandising" as one of the answers. He has diversified within his stores by labeling a department as "phototronic," thus giving that department an identity consistent with the imaging equipment that is becoming more electronic in nature.

Civilian camera stores are just now facing this need to expand into the electronic imaging business, but that combination of products has existed in exchanges for years — albeit in different departments. For the foreseeable future, videotape cameras and players will remain in the electronic department at AAFES exchanges, according to Billy Wade, head photo buyer at AAFES. He told MILITARY MARKET that the only decision that needs to be made at some time in the future is whether to combine some photographic and electronic merchandise as "imaging equipment."

The Gray Market — 'Long-term Mess'

Aside from encroaching competition by nonphotographic retailers, the other Achilles' heel of the photo retailing industry is the so-called "gray market."

This market consists of import goods for resale that are purchased from unauthorized sources where prices are lower, the dollar is strong, and where country-to-country currency discounting is profitable, said Chuck Wolf, president of Wolf Camera, a 60-store chain in the Atlanta area. In the short run, the gray market allows a lower price to the retailer, supposedly giving him a competitive edge when he sells to his customers.

The exchange systems do not buy from gray market sources, but it affects both military and civilian stores because price points become very blurred, and customers want to know why prices are so different on the same equipment at stores in the same area, Wolf said.

"The gray market is effective only in noncompetitive products," he said — "noncompetitive" meaning cameras of the same make and model, which are accepted by the buyer as identical, no matter what the secondary source. It is strictly a case of buyer beware, as these cameras may not come with all the accessories and warranties that are included when the intended retail price is paid, he said.

"It's all legal, and it goes through customs easily," Wolf said. Both photographic and nonphotographic retail outlets are offered these low-priced cameras, which in turn generates a greater number of competitors. "It's a short-term gain and a long-term mess," he said.

"It is my belief," said Wolf, "that the product value generated by the camera manufacturers is what sells the cameras. They [the manufacturers] don't worry about how they're distributed or marketed." He said it would take great determination on the part of manufacturers not to sell through the gray market, which he estimated now surpasses 30 percent in Los Angeles and New York City.

"U.S. Customs could stop it, but in my opinion, it won't," he said. He feels it is matter of interpreting the law, and at present, there is no desire on the part of Customs officials to encourage raising prices on imported goods. He estimated that 25 percent of all Nikon cameras imported are handled through the gray market. For Minoltas, he estimated 10 percent, and for Hasselblads, 50 percent. Wolf was especially worried about the situation with Nikon. "The Nikon gray market has given us cause for great concern," he said. "How long can we survive?" he asked rhetorically. "Margins are too tight for comfort."

The PMA also is concerned about the gray market. "They're informing members fully on the subject so they can make their own decisions [on whether or not to buy from gray market sources]." But the PMA, as a body, is not going to attempt any kind of industry reform, he predicted.

Low-End Cameras Clicking

Point-and-shoot cameras will continue to be volume leaders for some time, said industry insiders during the convention. They are especially suitable for first-time buyers, but there are second-time buyers for them, too, said Pauline Chan, president of Haking Industries, a Hong Kong firm. "If the first-time buyer is happy, he will buy more later," she said. Her company produces several low-end cameras, which are "the primary school where the public gets interested in photography."

Low-end cameras are now available in four basic types — 110, 35mm, disc, and instant. "It's important to know just what low-priced means, Chan said. In 35mm, it means under $100; for disc cameras, it means under $50; for the 110 size camera, it means under $25; and for the instant, around $30, she said. The low-end, said Chan, was the highest growth area of the market in 1983.

"The 110 camera remained relatively strong despite the entry of the disc format," she said. She predicted that the pricing structure on the 110 size (from $9.95 to $29.95 in civilian stores) will continue strong for the next few years.

The popularity of the disc camera can be attributed to improved disc film and a choice of lenses on several models, Chan said, but the real gains are expected to be in the rangefinder 35mm cameras. The sales figures for 1983 represent a 55 percent increase over 1982, and "another 50 percent increase is expected in 1984," she said. Automation in flash, focus, exposure, loading and rewind are what sell rangefinders, she said. "Increases for 35mm rangefinder and disc cameras combined will have the dominant share of the U.S. camera market," she said.

In AAFES exchanges, "disc cameras are selling well, but they [the owners] are not using them," Wade told MILITARY MARKET. "Disc film sales are slow compared with current and past sales of the cameras," he said.

Clearer prints from improved disc film may increase overall disc camera usage, he said.

Eastman Kodak renewed its belief in the disc format by introducing three more disc cameras at the show — the 3100, 4100 and 6100 models. Each has features that make it decision-free, and Kodak claims the improved disc film will help to ensure a higher picture yield than the original film.

An Exciting Future

Sales of autofocus 35mm cameras were up 90 percent last year, said K.C. Chiwata, president of Pentax Corp, and multiple ownership is fast becoming the rule: 43 percent of all single-lens reflex cameras sold in 1983 were sold to people who already owned an SLR camera.

The 35mm rangefinder cameras with built-in flash and the sophisticated through-the-lens metering on the better cameras have translated into tangible benefits for customers. "Consumers want trouble-free, good quality photographs with a minimum of effort," Chiwata said.

The traditional photo customer has been male, he said, between 25 and 50, has a median income of $25,000 and holds a managerial position. For the '80s, however, a more selective approach may be necessary in defining consumer markets, he said. The photo consumer of the '80s will be 35 to 49, an age group that will comprise 40 percent of the population in 1990, he said, and there will be 23 percent more in this age group by the year 2000.

"However," he said, "the idea that all camera buyers are male is a myth. With the expanding role of women, they have become important customers. In 1983, 34 percent of SLRs and half of the rangefinder cameras were sold to women.

"The over-55 age group has [also] been ignored," he said. "They have the advantage of money — their discretionary income continues to increase as they grow older. A 55-year-old has 70 percent more discretionary income than a 35-year-old," he said. He didn't minimize the teenage market, but their numbers are expected to decrease between 1980 and 1990, and to increase between 1990 and 2000, he said.

In addressing the ramifications of the gray market, Chiwata thinks voluntary cutbacks in Japan or stricter law enforcement on imports in the U.S. courts, or both, may be needed. "No one benefits from production cutbacks," he said. "Customers probably would not be happy with cameras at rock-bottom prices that are stripped of accessories and not covered by a warranty," he added.

In the Exchanges

The best camera buys at the show this year are the Canon T-70, the Olympus OM-3 and OM-4, the Ricoh XR-P and the Pentax Sport 35, said AAFES photo buyer Wade. (The Olympus cameras were introduced at last year's show, but the supply was limited and few customers, military or otherwise, were able to get them.)

The Canon T-70, available as of last month, is an updated version of the T-50 model. In this top-of-the-line camera, all the functions can be operated by pushing buttons, rather than by pulling levers. The camera features eight exposure modes, two metering patterns and a safety shift that overrides the shutter speed and selects the next higher or lower speed to properly expose the frame, if lighting conditions dictate. A unique feature is the liquid-crystal information display on top of the camera, which is used for setting film speed and exposure information. It also shows the frame count as the film is exposed.

The Olympus OM-3 and OM-4 also boast multispot metering that can be useful when shooting back-lighted or side-lighted subjects when fill-in light is impractical or impossible.

Ricoh's XR-P is listed as a "user" multiprogram auto camera with three programs — normal, depth and action — options which should make the camera functions easier to learn.

The Pentax Sport 35 boasts automatic focus, exposure and flash. An auto winder accessory enables the user to shoot at a speed of one frame per second. It is designed to be a "point and shoot camera" for the beginner.

Kyocera's Yashica Auto Focus Motor camera fills a similar bill, but its motor is built in. There are five features which make this an extremely easy camera to use — automatic loading, focusing, exposure, flash and wind/rewind.

Kodak claims improved resolution in its color films, which should result in better pictures for all negative sizes. There are rumors in the industry that the company will discontinue its speed 100 color print film, which could cause some problems. Existing 126 cameras are not adaptable to anything but speed 100 film. Another film manufacturer might fill in the gap if that happens, according to AAFES' Wade. Konica and Fuji are both looking for additional U.S. markets for their products. Fuji film is currently available in overseas AAFES locations, but not stateside.

Navy Exchange customers can enjoy 25 percent savings on specially selected photo and electronic equipment at NAVRESSO's annual Sight and Sound Sale, May 29-June 4. A brochure will be available in advance of the sale describing the items which will be featured.

"There's nothing particularly exciting or exceptional [at the PMA]," said NAVRESSO's senior photographic buyer, B.L. Olsen. He thought the offerings at the PMA were a take-off of existing cameras.

MM

Low-End Camera Sales in the U.S.

Camera Type	FY 1983 Units
35mm rangefinder	1.4 million
Disc	4.6 million
110	3.7 million
Instant	4.0 million
Total	**13.7 million**

SOURCE: Pauline Chan, Haking Industries, Hong Kong.

GRAPESHOT

• DSRE's official *Food Supply Newsletter* generally contains some good reading. A recent issue reported on the European Subsistence Conference and one attendee's definition of crack managment as "making decisions on those things that drop through the cracks in the floor."

• Resale agencies have continued their sweep of awards for excellence in architectural design. Winners in the ninth annual Design Award Program included the new AFCOMS store at Los Angeles AFS, Calif., and the AAFES filling station and branch exchange at Eglin AFB, Fla.

• Sales in Army commissaries grew 3.6 percent in FY '83, all the way up to $1,557,040,000. TSA officials credit "uniform management practices" as one reason for the sales record.

• AAFES' new Vendor Liaison Program is a Quality Assurance Division effort to prevent problems and improve the quality and variety of merchandise the giant exchange agency carries in its stores. The two-part program involves QA personnel meeting with new vendors and explaining the agency's QA program; a "quality history profile" is prepared for current suppliers, using data from past inspections, technical evaluations, audits and store-level feedback.

Military Market index

		JANUARY			YEAR-TO-DATE		
Commissaries		**CY'84**	**CY'83**	**%**	**CY'84**	**CY'83**	**%**
Air Force	CONUS	$142,829	$136,261	+4.82	$142,829	$136,261	+4.82
	OVERSEAS	27,581	27,055	+1.94	27,581	27,055	+1.94
	TOTAL	**170,410**	**163,316**	**+4.34**	**170,410**	**163,316**	**+4.34**
Army	CONUS	102,165	108,264	-5.63	102,165	108,264	-5.63
	OVERSEAS	37,170	39,936	-6.93	37,170	39,936	-6.93
	TOTAL	**139,335**	**148,200**	**-5.98**	**139,335**	**148,200**	**-5.98**
Navy	CONUS	53,030	49,877	+6.32	53,030	49,877	+6.32
	OVERSEAS	5,978	5,668	+5.47	5,978	5,668	+5.47
	TOTAL	**59,008**	**55,545**	**+6.23**	**59,008**	**55,545**	**+6.23**
Marines	CONUS	12,460	10,846	+14.88	12,460	10,846	+14.88
	OVERSEAS	174	174	0.00	174	174	0.00
	TOTAL	**12,634**	**11,020**	**+14.65**	**12,634**	**11,020**	**+14.65**
Coast Guard	CONUS	233	275	-15.27	233	275	-15.27
	OVERSEAS	250	217	+15.21	250	217	+15.21
	TOTAL	**483**	**492**	**-1.83**	**483**	**492**	**-1.83**
All Commissaries	CONUS	310,717	305,523	+1.70	310,717	305,523	+1.70
	OVERSEAS	71,153	73,050	-2.60	71,153	73,050	-2.60
	TOTAL	**$381,870**	**$378,573**	**+0.87**	**$381,870**	**$378,573**	**+0.87**
Grocery Stores	U.S.[1]	**$19.820 bil.**	**$18.892 bil.**	**+4.91**	**$19.820 bil.**	**$18.892 bil.**	**+4.91**
Exchanges							
AAFES	CONUS	$189,951	$180,418	+5.28	$189,951	$180,418	+5.28
	OVERSEAS	139,345	135,734	+2.66	139,345	135,734	+2.66
	TOTAL	**329,296**	**316,152**	**+4.16**	**329,296**	**316,152**	**+4.16**
Navy	CONUS[2]	60,367	60,465	-0.16	60,367	60,465	-0.16
	OVERSEAS[2]	27,904	27,433	+1.72	27,904	27,433	+1.72
	TOTAL[2]	**88,271**	**87,898**	**+0.42**	**88,271**	**87,898**	**+0.42**
Marines	CONUS	16,579	17,491	-5.21	16,579	17,491	-5.21
	OVERSEAS	3,588	4,059	-11.60	3,588	4,059	-11.60
	TOTAL	**20,167**	**21,550**	**-6.42**	**20,167**	**21,550**	**-6.42**
Coast Guard	CONUS[3]	4,895	4,746	+3.14	4,895	4,746	+3.14
	OVERSEAS[3]	612	647	-5.41	612	647	-5.41
	TOTAL[3]	**5,507**	**5,393**	**+2.11**	**5,507**	**5,393**	**+2.11**
Mail Order	CONUS[4]	1,496	1,281	+16.78	1,496	1,281	+16.78
	OVERSEAS[4]	4,018	3,797	+5.82	4,018	3,797	+5.82
	TOTAL[4]	**5,514**	**5,078**	**+8.59**	**5,514**	**5,078**	**+8.59**
All Exchanges	CONUS	273,288	264,401	+3.36	273,288	264,401	+3.36
	OVERSEAS	175,467	171,670	+2.21	175,467	171,670	+2.21
	TOTAL	**$448,755**	**$436,071**	**+2.91**	**$448,755**	**$436,071**	**+2.91**
Department Stores	U.S.[1]	**$7.301 bil.**	**$6.522 bil.**	**+11.94**	**$7.301 bil.**	**$6.522 bil.**	**+11.94**

1) SOURCE: U.S. Department of Commerce. 2) Does not include sales of ships stores. 3) MM estimate, based on official data. 4) Includes consolidated sales for all services, including Coast Guard.

Individual figures may not add to totals because of rounding. All sales are expressed in millions (add 000), except grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges, and exchange sales include concession volume.